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11 APR 1950

The Honorable
 The Secretary of State
 Department of State
 Washington, D. C.

My dear Mr. Secretary:

As part of my responsibilities for the coordination of intelligence activities, I am calling to your attention the urgent need for additional intelligence coverage of Iran. The reasons for my present concern can be summarized as follows:

a. There have been various indications in recent months that in Iran (1) the economic situation has been deteriorating badly; (2) despair and discontent with the government have been spreading; and (3) dissident elements, particularly the subversive pro-Soviet Tudeh Party, have been exploiting the situation. These signs of crisis recently culminated in expressions of grave concern on the part of various high Iranian officials and of US Ambassador Wiley [redacted]

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[redacted] went so far as to assert that a continuation of the deteriorating of the economic situation would lead to popular unrest of a degree that "no army, whether 50,000 or 150,000, could control." Ambassador Wiley soon thereafter characterized the situation as "bad, deteriorating, and dangerous."

b. This situation is obviously one which requires careful consideration by US policy makers on the basis of adequate and timely national intelligence. The National Security Council, in declaring the security of the Middle East vital to the security of the US, has specifically indicated the maintenance of Iranian integrity and independence as a US objective in the area and has stated that the US should be prepared to make full use of its political, economic, and, if necessary, military power to that end. The need for top level consideration of the Iranian situation has been underlined by Ambassador Wiley's recent assertion that the US "is faced now with the decision of doing something to keep Iran from going behind the Iron Curtain or writing off Iran, with all the strategic implications that go with the loss of this country."

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a. In this critical situation, CIA and the departmental intelligence agencies have been confronted with a dearth of information to a degree which virtually precludes the prediction of anything like a reliable estimate of the situation. We know that Iran is going through a period of economic, political, and social strain which might well be far more serious than similar outcroppings of instability in the past. We must necessarily give serious consideration to the testimony of Ambassador Wiley and others that the situation is critical. However, our information regarding the circumstances which have given rise to opinions is sketchy and even contradictory. We have no clear indication of what is happening or what is thought outside of the higher echelons of the Iranian government — how much popular support the Tudeh Party actually is receiving, what the attitude is of the various significant population groups in Iran. In short, we can tell US policy makers that some sort of crisis does exist, but cannot confidently answer such specific pertinent questions as : (1) how serious the situation actually is; (2) how adequate are Iran's own resources for meeting its present difficulties; and (3) how capable the Iranian Government is of using those resources.

As of possible assistance to the Department of State in improving this situation, the following specific measures are suggested:

- a. That existing reporting facilities might be strengthened in the direction of tapping a wider and more representative group of sources.
- b. That existing coverage might be expanded through the establishment of a consulate in the strategically important southwestern part of Iran.

Sincerely,

*- sig by hand RDR
signed to Armstrong*

R. H. HILLENKOETTER 11/19/50.
REAR ADMIRAL, USN
DIRECTOR OF CENTRAL INTELLIGENCE

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